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BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA

In the Matter of:)	NMLS ID: 1000217
)	
THE CALIFORNIA COMMISSIONER OF)	ORDER DENYING APPLICATION FOR
BUSINESS OVERSIGHT,)	MORTGAGE LOAN ORIGINATOR LICENSE
)	
Complainant,)	
)	
v.)	
)	
JEFFREY ALLAN FORREST,)	
)	
Respondent.)	

The Commissioner of Business Oversight of the State of California (“Commissioner”) finds that:

- On or around December 12, 2012, Jeffrey Allan Forrest (“Respondent”) filed an application for a mortgage loan originator (“MLO”) license with the Commissioner by submitting a Form MU4 through the Nationwide Mortgage Licensing System (“NMLS”) (hereinafter, “Application”) pursuant to Financial Code section 50140.
- Respondent answered “Yes” to questions on the Application regarding his history, including: (1) financial disclosures, including, but not limited to, bankruptcy and unsatisfied judgments or liens, (2) civil judicial disclosures, including, but not limited to, injunctions and

1 findings of violations of financial services-related statutes or regulations, (3) regulatory actions
2 disclosures, including, but not limited to, findings by a regulatory agency or self-regulatory
3 organization (“SRO”) that led to suspension, revocation, or restriction of a license, and disciplinary
4 orders, and (4) customer arbitration or litigation disclosures, including, but not limited to, arbitration
5 awards or settlements in customer-initiated arbitration or civil litigation. The Application required
6 Respondent to explain in detail all these “Yes” answers.

7 3. Respondent’s explanation in the Application disclosed the complaint filed on March
8 4, 2008 in *U.S. Securities and Exchange Commission v. Thompson Consulting, Inc.*, Case Number
9 2:08-cv-00171 (“Thompson Consulting Complaint”), which did not list Respondent or his
10 investment advisory firm, WealthWise, LLC (“WealthWise”) as defendants. Respondent submitted
11 a copy of the Thompson Consulting Complaint as supporting documentation.

12 4. Because neither Respondent’s explanation nor the Thompson Consulting Complaint
13 supported his “Yes” answers to the disclosure questions regarding, among other things, the issuance
14 of injunctions, findings of violations of financial services-related statutes and regulations, or
15 restrictions on licenses and other disciplinary actions against him, on or around April 2, 2013, the
16 Commissioner through NMLS instructed Respondent to provide additional supporting
17 documentation.

18 5. On or around November 11, 2013, Respondent submitted another copy of the
19 Thompson Consulting Complaint as well as a detailed account of the events surrounding said
20 complaint, entitled “Further Explanation on Disclosure Events” (hereinafter, “Further Explanation”),
21 and a three page-Financial Industry Regulatory Authority (“FINRA”) Broker Summary purportedly
22 from FINRA’s public website (hereinafter, “Broker Summary”).

23 6. The Broker Summary Respondent submitted listed the following five events: (1) on
24 February 9, 2009, the Securities and Exchange Commission (“SEC”) entered a final judgment
25 permanently enjoining Respondent from future violations of the federal securities laws; (2) on June
26 8, 2009, FINRA rendered a final decision against Respondent for violating FINRA Rules 2010 and
27 8210 by not responding to FINRA’s requests for information; (3) on June 29, 2009, FINRA
28 suspended Respondent for failing to comply with an arbitration award or settlement agreement, or to

1 satisfactorily respond to FINRA's request for information about the status of compliance; (4) on
2 November 6, 2009, FINRA barred Respondent from associating with any FINRA member in any
3 capacity; and (5) on November 29, 2010, FINRA lifted the suspension issued on June 29, 2009.

4 7. Respondent's regulatory history also included 21 significant disclosure events from
5 December 1, 2003 through March 10, 2010, including ten customer disputes that settled or awarded
6 damages to customers for alleged violations of financial services-related statutes and regulations,
7 such as mismanagement of clients' assets, recommending investments unsuitable for customers, and
8 misrepresentations in recommending a hedge fund that resulted in an arbitration award of
9 \$8,858,596.00.

10 8. On May 15, 2009, *In the Matter of WealthWise, LLC, and Jeffrey A. Forrest*, the SEC
11 barred Respondent from the securities industry with a right to reapply after five years, and revoked
12 the investment advisory license of his investment advisory firm, WealthWise, based on the
13 complaint filed on September 24, 2008 in *Securities and Exchange Commission v. WealthWise, LLC*
14 *and Jeffrey A. Forrest*, No. 2:08-cv-06278-GAF-SS. The SEC's complaint alleged that Respondent
15 failed to disclose a material conflict of interest, namely a side agreement with Thompson Consulting
16 whereby WealthWise received approximately \$388,401.80 for investing an estimated
17 \$40,000,000.00 of Respondent's clients' money in a risky hedge fund. For more than two years
18 from April 2005 through September 2007, Respondent and his firm failed to disclose this material
19 conflict of interest. In August 2007 the hedge fund collapsed, resulting in more than 90% in losses
20 to their clients.

21 9. Respondent's financial history includes at least nine California State tax liens and at
22 least five federal IRS tax liens filed against him in various counties in California between May 2004
23 and January 2016.

24 10. Financial Code section 50141 provides in relevant part:

25 (a) The commissioner **shall** deny an application for a mortgage loan
26 originator license unless the commissioner makes **at a minimum the**
27 **following findings**: . . .

28 (3) The applicant has demonstrated such financial responsibility,
character, and general fitness as to command the confidence of the
community and to warrant a determination that the mortgage loan

1 originator will operate honestly, fairly, and efficiently within the purposes
2 of this division (Emphasis added)

3 11. The Commissioner finds that Respondent does not meet at least one of the minimum
4 requirements for issuance of an MLO license as set forth in Financial Code section 50141.
5 Respondent's financial history, including multiple unsatisfied judgments and/or tax liens, multiple
6 disciplinary actions by financial services industry regulators, including bar orders, a suspension, and
7 a license revocation, allegations of mismanagement of clients' funds, and a final judgment of
8 permanent injunction for violations of federal securities laws all belie the requirement under
9 Financial Code section 50141, subdivision (a)(3), that the applicant "demonstrated such financial
10 responsibility, character, and general fitness as to command the confidence of the community and to
11 warrant a determination that the mortgage loan originator will operate honestly, fairly, and
12 efficiently within the purposes of this division."

13 12. On April 6, 2016, the Commissioner issued a Notice of Intention to Deny Application
14 for Mortgage Loan Originator License, Statement of Issues, and accompanying documents ("Notice
15 of Intention to Deny") based on the above findings. On or around May 6, 2016, the Commissioner
16 served Respondent with the Notice of Intention to Deny at the latest address on file. The
17 Respondent did not request a hearing and the time to request a hearing has expired.

18 NOW GOOD CAUSE APPEARING THEREFOR, it is hereby ordered that the Application
19 filed by Jeffrey Allan Forrest for a mortgage loan originator license is denied. This order is effective
20 as of the date hereof.

21
22 Dated: May 23, 2016
23 Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

24
25
26 By: _____
27 MARY ANN SMITH
28 Deputy Commissioner